Armitage Technologies Holding Limited
（萬達資訊科技控股有限公司）*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors (the "Directors") of Armitage Technologies Holding Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purpose only*

RESULTS

The board of directors (the "Board") of the Company hereby presents the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2009, together with the comparative audited consolidated figures for the corresponding year, as follows:

	Note	*2009* *HK$'000*	*2008* *HK$'000*
Turnover	2	**63,074**	59,367
Cost of sales and services rendered		**(28,163)**	(26,393)
Gross profit		**34,911**	32,974
Other income	3	**252**	1,192
Operating expenses		**(37,119)**	(35,646)
Operating loss		**(1,956)**	(1,480)
Finance costs		**(1,001)**	(1,218)
Loss before income tax	4	**(2,957)**	(2,698)
Income tax expense	5	**(271)**	(12)
Loss for the year and attributable to equity holders of the Company		**(3,228)**	(2,710)
Dividend	10	**—**	—
Loss per share (HK cents)			
- Basic	6	**(0.43)**	(0.36)
- Diluted	6	**N/A**	N/A

CONSOLIDATED BALANCE SHEET

	Note	*2009* *HK$'000*	*2008* *HK$'000*
NON-CURRENT ASSETS			
Plant and equipment		**3,980**	3,782
Software		**—**	—
Trade mark		**76**	82
Goodwill on consolidation		**1,721**	1,721
Development costs		**13,669**	13,047
Club debenture, at cost		**200**	200
Deferred tax		**1,096**	1,360
		20,742	20,192
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**412**	862
Debtors, deposits and prepayments	7	**17,110**	20,661
Pledged time deposits		**9,000**	9,000
Pledged bank balance		**80**	—
Cash and bank balances		**3,777**	2,920
		30,379	33,443
CURRENT LIABILITIES			
Bank overdrafts, secured		**11,815**	10,368
Bank loans, secured		**671**	1,297
Bank loan - factoring arrangement		**1,601**	1,489
Obligation under finance lease		**78**	72
Creditors, accruals and deposits received	8	**8,718**	9,097
		22,883	22,323

	Note	2009 HK$'000	2008 HK$'000
NET CURRENT ASSETS		**7,496**	11,120
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,238**	31,312
NON-CURRENT LIABILITIES			
Obligation under finance lease		**21**	99
Bank loans, secured		**2,139**	2,703
		2,160	2,802
NET ASSETS		**26,078**	28,510
REPRESENTING:			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		**7,500**	7,500
Reserves		**18,578**	21,010
TOTAL EQUITY		**26,078**	28,510

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	***Accumulated losses***	***Share premium***	***Special reserve***	***Exchange reserve***	***Employee share-based compensation reserve***	***Minority interests***	***Total***
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.4.2007	7,500	(24,538)	42,836	3,801	706	–	–	30,305
Exchange reserve arising from translation of financial statements of the People's Republic of China ("PRC") subsidiaries	–	–	–	–	915	–	66	981
Acquisition of minority interests in a subsidiary	–	–	–	–	–	–	(66)	(66)
Loss for the year	–	(2,710)	–	–	–	–	–	(2,710)
At31.3.2008 and 1.4.2008	7,500	(27,248)	42,836	3,801	1,621	–	–	28,510
Exchange reserve arising from translation of financial statements of the PRC subsidiaries	–	–	–	–	615	–	–	615
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	181	–	181
Loss for the year	–	(3,228)	–	–	–	–	–	(3,228)
At 31.3.2009	**7,500**	**(30,476)**	**42,836**	**3,801**	**2,236**	**181**	**–**	**26,078**

CONSOLIDATED CASH FLOW STATEMENT

	2009	*2008*
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(2,957)**	(2,698)
Adjustments for:		
Dividend income	**(12)**	(11)
Interest income	**(141)**	(375)
Interests on bank loans, factoring loans and overdrafts wholly repayable within 5 years	**921**	1,142
Finance charges on obligation under finance lease	**12**	7
Depreciation of plant and equipment	**811**	742
Loss on disposal of plant and equipment	**25**	37
Amortisation of intangible assets	**3,676**	4,358
Impairment loss on development costs	**157**	—
Equity-settled share-based payment expenses	**181**	—
(Gain)/loss on financial assets at fair value through profit or loss		
– realised	**—**	(136)
– unrealised	**450**	26
Operating profit before working capital changes	**3,123**	3,092
Decrease/(increase) in debtors, deposits and prepayments	**3,873**	(82)
(Decrease)/increase in creditors, accruals and deposits received	**(577)**	417
Cash generated from operations	**6,419**	3,427
Dividend received	**12**	11
Interest received	**141**	405
Interests on bank loans, factoring loans and overdrafts wholly repayable within 5 years	**(921)**	(1,142)
Finance charges on obligation under finance lease	**(12)**	(7)
Income tax refunded	**—**	723
NET CASH FROM OPERATING ACTIVITIES	**5,639**	3,417

	2009	2008
	HK$'000	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of minority interests in a subsidiary	—	(137)
Payment for purchase of plant and equipment	**(1,048)**	(1,307)
Sales proceeds from disposal of plant and equipment	—	4
Sales proceeds from disposal of financial assets at fair value through profit or loss	—	395
Payment for purchase of financial assets at fair value through profit or loss	—	(42)
Increase in development costs	**(4,072)**	(2,833)
Increase in pledged bank balance	**(80)**	—
NET CASH USED IN INVESTING ACTIVITIES	**(5,200)**	(3,920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital element of finance lease rentals paid	**(72)**	(28)
(Decrease)/increase in bank loans	**(1,078)**	1,065
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(1,150)**	1,037
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(711)**	534
CASH AND CASH EQUIVALENTS AT 1 APRIL	**(7,448)**	(8,206)
EFFECT OF EXCHANGE RATE CHANGES	**121**	224
CASH AND CASH EQUIVALENTS AT 31 MARCH	**(8,038)**	(7,448)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**3,777**	2,920
Bank overdrafts, secured	**(11,815)**	(10,368)
	(8,038)	(7,448)

Notes:

1. Basis of preparation

(a) Compliance with Hong Kong Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards").

(b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards:

HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets
Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets - Effective Date and Transition

The initial application of these Hong Kong Financial Reporting Standards does not necessitate material changes in the Group accounting policies or retrospective adjustments of the comparatives presented.

(c) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 March 2009 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2008:

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [3]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [3]
HKFRS 3 (Revised)	Business Combinations [3]
HKFRS 8	Operating Segments [1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes [1]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate [1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation [1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners [3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers [2]

Amendments to HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation [1]
Amendments to HKAS 39	Eligible Hedged Items [3]
Amendments to HKFRS 1 and HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [1]
Amendments to HKFRS 2	Share-based Payment - Vesting Conditions and Cancellations [1]
Amendments to HKFRS 7	Improving Disclosures about Financial Instruments [1]
Amendments to HK(IFRIC)-Int 9 and HKAS 39	Embedded Derivatives [1]
Improvements to HKFRSs [4]	

[1] Effective for annual periods beginning on or after 1 April 2009

[2] Effective for annual periods beginning on or after 1 July 2009

[3] Effective for annual periods beginning on or after 1 April 2010

[4] Except for the amendments to paragraphs 8A, 36A and 44C of HKFRS 5 and paragraphs 34C and 47L of HKFRS 1 effective for annual period beginning on or after 1 April 2010, others effective for annual period beginning on or after 1 April 2009.

The directors of the Company anticipate that the adoption of following standards will affect the Group's accounting policies and presentation of the consolidated financial statements as follows:

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKFRS 8, which will replace HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

The directors of the Company anticipate that the application of other standards or interpretations will not have material impact on the results and the financial position of the Group.

2. Turnover

Turnover represents revenue recognised in respect of the provision of information solutions and application software packages sold and publishing and advertising income, net of discounts and business tax, during the year. An analysis of the turnover recorded for the year is set out below:

	2009	*2008*
	HK$'000	*HK$'000*
Provision of information solutions		
– System development and integration	**30,572**	27,495
– Maintenance and enhancement income	**1,248**	1,165
Sales of application software packages and related maintenance income	**30,011**	29,590
Publishing and advertising income	**1,243**	1,117
	63,074	59,367

3. Other income

	2009	*2008*
	HK$'000	*HK$'000*
Dividend income from listed investments	**12**	11
Interest income	**141**	375
Management fee income	**31**	29
Net realised and unrealised gains on financial assets at fair value through profit or loss	**—**	110
Exchange gain	**—**	596
Miscellaneous items	**68**	71
	252	1,192

4. Loss before income tax

	2009 HK$'000	2008 HK$'000
Loss before income tax is arrived at after charging/(crediting):		
(a) Finance costs:		
Interests on bank loans, factoring loans and overdrafts wholly repayable within 5 years	**921**	1,142
Finance charge on obligation under finance lease	**12**	7
Other bank charges	**68**	69
	1,001	1,218
(b) Other items:		
Amortisation of development costs	**3,670**	4,352
Amortisation of trade mark	**6**	6
Depreciation	**889**	796
Less: Amounts capitalised as development costs	**(78)**	(54)
	811	742
Auditor's remuneration	**300**	307
Operating lease rentals for properties	**2,320**	1,915
Less: Amounts capitalised as development costs	**(145)**	(110)
	2,175	1,805
Directors' remuneration	**2,640**	2,907
Other staff salaries and benefits	**38,746**	34,999
Retirement scheme contributions	**2,986**	2,868
Equity-settled share-based payment expenses	**68**	—
	41,800	37,867
Less: Amounts capitalised as development costs	**(3,443)**	(2,256)
Other staff costs	**38,357**	35,611
Impairment loss on trade debtors	**21**	66
Impairment loss of development costs	**157**	—
Unrealised loss on financial assets at fair value through profit or loss	**450**	—
Loss on disposal of plant and equipment	**25**	37
Exchange loss	**5**	—

5. Income tax expense

(a) Taxation in the consolidated income statement represents:

	2009	*2008*
	HK$'000	*HK$'000*
Current tax	**—**	—
Deferred tax		
– current year	**208**	(219)
– attributable to change in tax rates	**63**	231
	271	12
Income tax expense	**271**	12

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) The Group's subsidiaries incorporated/established in Hong Kong and PRC are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT") at the rates of 16.5% and 33% respectively (2008: 17.5% and 33% respectively). No provision for Hong Kong Profits Tax and EIT has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax and EIT for each of two years ended 31 March 2008 and 2009.

(iii) On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in the Hong Kong Profits Tax rate by 1% from 17.5% to 16.5% effective for the year of assessment 2008/09. The change in the carry amount of the deferred tax assets and liabilities, as a result of the change in tax rate, is recognised in the consolidated income statement of the Group for the year ended 31 March 2009.

(iv) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which has become effective on 1 January 2008. As a result of the New Tax Law, the statutory income tax rate adopted by the PRC entities, other than the aforesaid subsidiaries below, will be changed from 33% to 25% with effect from 1 January 2008.

(a) As approved by the relevant PRC tax authority, Guangzhou Armitage Technologies Limited ("GZATL") was entitled to a two-year exemption from EIT followed by 50% tax exemption for the next three years, commencing from the first cumulative profit-making year in 2007. Therefore, GZATL was exempted from EIT for the fiscal years 2007 and 2008. For the following three fiscal years from 2009 to 2011, GZATL is subject to EIT at the rate of 15%. Starting from the fiscal year 2012, GZATL will be subject to EIT at the unified rate of 25% under the transitional arrangement of the New Tax Law.

(b) Armitage Technologies (Shenzhen) Limited ("ATL(SZ)") being engaged in the research and development of IT solutions and provision of customers services was granted a preferential EIT rate of 15%. ATL(SZ) enjoyed preferential policy in the form of reduced tax rate shall have five years from the time when the New Tax Law takes effect to transit progressively to the new statutory tax rate. During this period, ATL(SZ) enjoyed the EIT rate of 15% shall be subject to the 18% tax rate for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011 and 25% for the year 2012.

The change in the carrying amount of the deferred tax assets and liabilities, as a result of the change in tax rate, is recognised in the consolidated income statement of the Group for the year ended 31 March 2008.

(b) The income tax expense for the year can be reconciled to the loss before income tax per consolidated income statement as follow:

	2009	*2008*
	HK$'000	*HK$'000*
Loss before income tax	**(2,957)**	(2,698)
Tax effect at the Hong Kong profits tax rate of 16.5% (2008: 17.5%)	**(488)**	(472)
Hong Kong and PRC tax rates differential	**187**	112
Tax effect of income that is not taxable	**(916)**	(1,333)
Tax effect of expenses that are not deductible	**1,515**	1,312
Effect on opening deferred tax balances resulting from change in applicable tax rates	**63**	231
Effect of tax losses and decelerated depreciation allowances not recognised	**467**	441
Tax holiday	**(557)**	(279)
Income tax expense	**271**	12

(c) The components of unrecognised deductible temporary differences in certain subsidiaries of the Company are as follows:

	2009	*2008*
	HK$'000	*HK$'000*
Deductible temporary differences *(Note 5(c)(i))*		
Unutilised tax losses *(Note 5(c)(ii))*	**10,484**	12,740
Decelerated depreciation allowances	**—**	16
	10,484	12,756

(i) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

(ii) The unutilised tax losses accumulated in the PRC subsidiaries amounted to approximately HK$160,000 (2008: approximately HK$5,164,000) would expire in five years from the respective year of loss. The unutilised tax losses accumulated in the Hong Kong subsidiaries amounted to approximately HK$10,324,000 (2008: approximately HK$7,576,000) can be carried forward indefinitely.

6. Loss per share

The calculation of basic loss per share for each of the two years ended 31 March 2009 and 2008 is based on the Group's loss attributable to equity holders of the Company and 750,000,000 ordinary shares in issue during the year.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2008 and 2009.

7. Debtors, deposits and prepayments

Debtors, deposits and prepayments comprise:

	2009	*2008*
	HK$'000	*HK$'000*
Trade debtors	**16,139**	18,970
Less: Accumulated impairment losses *(Note 7(c))*	**(1,448)**	(1,380)
	14,691	17,590
Rental and utility deposits	**506**	354
Prepayments	**825**	762
Other debtors	**1,088**	1,955
	17,110	20,661

(a) Aging analysis

The Group allows its customers credit period of 30 days to 60 days depending on their creditworthiness. The following is an aging analysis of trade debtors (net of accumulated impairment losses) at the balance sheet date:

	2009	*2008*
	HK$'000	*HK$'000*
0 - 30 days	**11,126**	13,814
31 - 60 days	**228**	275
61 - 90 days	**732**	1,718
91 - 180 days	**716**	289
181 - 365 days	**793**	845
Over 1 year	**1,096**	649
	14,691	17,590

(b) As at 31 March 2009, a sum of trade accounts receivable of approximately HK$1,779,000 (2008: HK$1,654,000) has been assigned to a bank with recourse as collateral under factoring arrangement.

(c) Movements of the accumulated impairment losses during the year is as follow:

	2009	*2008*
	HK$'000	*HK$'000*
At 1 April	**1,380**	1,195
Impairment loss for the year	**21**	66
Exchange adjustment	**47**	119
At 31 March	**1,448**	1,380

(d) Trade debtors that are not impaired

The aging analysis of trade debtors that are not considered to be impaired is as follow:

	2009	*2008*
	HK$'000	*HK$'000*
Neither past due nor impaired	**10,857**	12,487
Past due but not impaired:		
1 - 30 days	**269**	1,327
31 - 60 days	**228**	275
61 - 90 days	**732**	1,718
91 - 180 days	**716**	289
181 - 365 days	**793**	845
Over 1 year	**1,096**	649
	3,834	5,103
	14,691	17,590

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

8. Creditors, accruals and deposits received

Creditors, accruals and deposits received comprise:

	2009	*2008*
	HK$'000	*HK$'000*
Trade creditors	**1,449**	1,559
Deferred enhancement and maintenance income — *Note*	**1,843**	1,876
Accruals and provisions	**5,157**	5,505
Deposits received	**—**	7
Other creditors	**269**	150
	8,718	9,097

Note: Deferred maintenance income represents after-sales maintenance service income from customers in respect of system development and integration projects and sales of application software packages. After the completion of the system development project or sales of application software packages, the Group charged its customers the maintenance service fee in advance.

The following is an aging analysis of trade creditors:

	2009	*2008*
	HK$'000	*HK$'000*
0 - 30 days	**548**	372
31 - 60 days	**76**	27
61 - 90 days	**—**	33
91 - 180 days	**97**	700
Over 180 days	**728**	427
	1,449	1,559

9. Segment reporting

(a) An analysis of the Group's geographical segments by the location of customers and by the location of assets are as follows:

	Hong Kong		*PRC*		*Inter-segment*		*Consolidated*	
	2009	*2008*	***2009***	*2008*	***2009***	*2008*	***2009***	*2008*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**41,963**	38,392	**21,111**	20,975	**–**	–	**63,074**	59,367
Cost of sales and services rendered	**(23,583)**	(20,833)	**(4,580)**	(5,560)	**–**	–	**(28,163)**	(26,393)
Gross profit	**18,380**	17,559	**16,531**	15,415	**–**	–	**34,911**	32,974
Other income	**224**	1,126	**28**	66	**–**	–	**252**	1,192
Operating expenses	**(20,936)**	(21,582)	**(16,183)**	(14,064)	**–**	–	**(37,119)**	(35,646)
Operating (loss)/profit	**(2,332)**	(2,897)	**376**	1,417	**–**	–	**(1,956)**	(1,480)
Finance costs	**(987)**	(1,204)	**(14)**	(14)	**–**	–	**(1,001)**	(1,218)
(Loss)/profit before income tax	**(3,319)**	(4,101)	**362**	1,403	**–**	–	**(2,957)**	(2,698)
Income tax (expense)/credit	**(303)**	228	**32**	(240)	**–**	–	**(271)**	(12)
(Loss)/profit for the year	**(3,622)**	(3,873)	**394**	1,163	**–**	–	**(3,228)**	(2,710)
Attributable to equity holders of the Company	**(3,622)**	(3,873)	**394**	1,163	**–**	–	**(3,228)**	(2,710)
Depreciation and amortisation	**3,213**	3,674	**1,274**	1,426	**–**	–	**4,487**	5,100
Capital expenditure incurred during the year	**2,730**	1,943	**2,468**	2,450	**–**	–	**5,198**	4,393
Segment assets and total assets	**50,218**	57,091	**17,880**	19,356	**(16,977)**	(22,812)	**51,121**	53,635
Segment liabilities and total liabilities	**(39,830)**	(23,439)	**(3,910)**	(33,114)	**18,697**	31,428	**(25,043)**	(25,125)

(b) Business segments

The Group principally operates in two business segments, (i) provision of information solutions and design, development and sales of application software packages and (ii) magazine publication and provision of advertising services.

	Provision of information solutions and design, development and sales of application software packages		Magazine publication and provision of advertising services		Unallocated		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**61,830**	58,250	**1,244**	1,117	**–**	–	**63,074**	59,367
Segment assets	**50,122**	52,784	**630**	688	**369**	163	**51,121**	53,635
Capital expenditure incurred during the year	**5,134**	4,289	**64**	104	**–**	–	**5,198**	4,393

Unallocated assets consist of assets of the Company and certain non-operating subsidiaries.

10. Dividend

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally providing IT services and application solutions in the industries of logistic, hospitality and manufacturing; selling of our proprietary application software, ***AIMS*** and ***Pegasus***, as well as advertising and publication businesses.

2008-09 was a year of extreme challenges. Businesses had been strong for the first half of the year as the market was still benefiting from the booming stock market from 2007, but conditions rapidly declined with the global financial meltdown towards the second half of 2008. The market environment became extremely harsh and business sentiment remained skeptical into the first three months of 2009. Despite the turbulent economic environment in the year under review, the Group had successfully managed to deliver pleasing results with increment when compared with the total turnover last year. For the year ended 31 March 2009, the Group's audited turnover amounted to HK$63.1 million (2008: HK$59.4 million), representing an increase of approximately 6% when compared with the corresponding period last year.

HONG KONG OPERATIONS

Outsourcing and Information Solutions

During the year under review, the total turnover generated from the Outsourcing and Information Solutions Business Unit was HK$31.8 million, representing an increase of 11% from HK$28.7 million compared with last year. The strong relationship built with the Hong Kong's largest airline operator and the world's largest private container operator continued to be a steady income source to our Hong Kong operations.

Revenue generated from the two of our major existing clients has grown steadily for the first half of our fiscal year. We had successfully implemented the Roster System and Contractor Information Management System for our container terminal operator client in the first fiscal quarter, but business for this sector slowed significantly by the third fiscal quarter following the first wave of the financial tsunami. Since the logistics and transportation industry is among the hardest hit, projects that have not started had all been put on hold by clients until further notification. Prospective on setting up an e-Business team upon our clients' request had failed because we were not price-competitive enough. However, the Group has explored and opened up new business opportunities—we had successfully implemented the Gasoline Management System ("GMS") for the world's largest container operator and had completed Phase I by the end of the second fiscal quarter. The success of this project had led on to GMS Phase II, concluded by the end of the third fiscal quarter and is now under the installation process. Subsequently, GMS Phase II enhancement was signed by the end of the fourth fiscal quarter. The same could be applied to the Integrated Customer Enquiry System (ICES) for a reputable telecom company in Hong Kong, as the Group had successfully completed Phase I, with Phase II confirmed and is now under development. Headcounts have been added accordingly in the fourth fiscal quarter. The success and client's satisfaction has also led to various business opportunities from this account.

Meanwhile although economic downturn has seriously affected our Shenzhen operation in our fourth fiscal quarter, the Project and Outsourcing business units were performing very well in the three fiscal quarters. We had headcount growth for both our container terminal port clients as well as for the off-shore outsourcing testing project. In general, 2008-09 was a year of growth for our Shenzhen project team—we achieved a significant growth of approximately 58% when compared with previous year.

Currently, our strategy is to consolidate our position and strengthen relationship with our existing clients. Our Shenzhen operations, after several years of hard work selling, have infiltrated into all major container terminal operators in the region with promising success. Nonetheless, the economic downturn has undoubtedly affected the businesses of container terminal and airline operators and subsequently the Group's businesses. We are prepared to embrace the difficulties and proceed cautiously on cost-efficient and company restructuring strategies, as business environment will continue to be harsh and tough in the coming year.

Application Software Packages Solutions

Sales revenue generated from the Group's proprietary ERP application software Armitage Industrial Management System ("***AIMS***"), together with its previous version ***Konto 21***, was HK$6.6 million, a 4% decrease when compared with HK$6.9 million of the corresponding period last year.

The total revenue generated from the entire application business unit was HK$9.0 million (2008: HK$8.6 million), representing a minor increase of 5% when compared with the corresponding period last year. Given unfavorable market conditions such as high oil price, new labour law and employee retirement policy implemented by the PRC government, all of which deferred buying decisions, together with the blow on our SME customers in the Pearl River Delta Region due to the financial crisis, the Group was still able to conclude a reasonable amount of new contracts together with a number of enhancement and additional services contracts from existing clients. Our Shenzhen subsidiary also concluded several ***AIMS*** contracts in the reported period with local regional companies.

To increase the competitiveness of ***AIMS***, the Group has successfully conducted and completed the feasibility study of the integration of an international environmental protection ordinance program, REACH, into ***AIMS***. At the same time, we had also endeavored effort during the reported period into the research and development on new features of ***AIMS*** that specialises in catering for the consumer electronic and toys industries, as well as the completion of the redevelopment of ***AIMS*** accounting module that the Group believes will greatly enhance our competitiveness and marketability.

Meanwhile, the Group has also formed partnership with value-added companies to increase our market exposure, and our outstanding performance had led to the Company being awarded the Best Performance Company Awards 2008- ERP Solutions Supplier (優質企業資源管理方案供應商) by the Hong Kong financial magazine Capital Weekly during the reporting period. This is an encouragement and recognition to the Group's effort in maintaining its leading position and reputation in the industry.

PRC OPERATIONS

Pegasus Hotel Management System ("Pegasus")

The total turnover for the Group's PRC operations under Guangzhou Armitage Technologies Limited amounted to HK$18.3 million (exclusive of hardware sales of HK$1.3 million), representing an increase of 10% compared with last year.

The Group's hospitality business faced various challenges during the year under review—the government's tightening monetary measures; the devastating economic effects of the Sichuan earthquake in the first half of 2008; the century's worse economic downturn towards the second half of the year—all of which contributed to the slowing down of our business in the third fiscal quarter, yet despite all these challenges, the Group's hospitality business was still able to achieve an annual double-digit growth.

Realising that chain hotels operators normally use the same applications in all hotels under their management, the Group has been trying with tremendous efforts and with success in the past year to establish relationships with chain hotel operators as a means to secure a steady source of income and to reduce sales efforts. We had concluded three projects on group solutions (***Pegasus***, Central Reservation and Customer Relationship Management Systems) to chain hotel operators in the first and second fiscal quarters, one of which is a regional renowned Singaporean based hotel management group. Customers highly complimented on the Group's outstanding performance, which further consolidated the Group's belief that group solutions should and would be our future growth drivers in the hospitality industry.

Although maintenance income recorded HK$3.6 million, representing an increased of 44% (2008: HK$2.5 million), the rate of growth has significantly slowed down towards the third fiscal quarter because of the skepticism towards the outlook of the economy. As this directly affects the Group's income, we have been exploring various ways of incentives and add-on values in order to attract more customers to join our maintenance scheme. Meanwhile, extra efforts were exerted to raise our maintenance service qualities.

Product enhancement is vital for our success. The Group has continuously put immense efforts on product enhancement such as the addition of new features on the Central Reservation System and Customer Relationship Management System. The upgraded Version 8.0 of ***Pegasus*** was launched in the first fiscal quarter and feedbacks from clients are positive. The Group also reviewed our existing Food and Beverage system features and revamped the system to make it more suitable for restaurants not attached to hotels.

Industrial and Financial System ("*IFS*")

During the reporting period, turnover generated from ***IFS*** implementation amounted to HK$1.5 million (2008: HK$3.4 million), representing a decrease of 56% compared with the like period last year. No new contracts were concluded during the reporting year. Income was mainly generated from maintenance services provided to existing customers.

Since August 2008, the economic downturn has caused numerous factories in the Pearl River Delta ("PRD") to shut down. This had created an extremely difficult business environment for the Group in selling ERP solutions in the PRD region. After carefully consideration and consultation with the Board, the Group has decided to transfer the IFS technical team to our Shenzhen subsidiary under the Applications Business Unit starting from April 2009 for better utilisation of resources.

Magazine Publication & Advertising

Revenue generated from the Group's magazine publishing and advertising business has once again marked new highs, totalling HK$1.2 million for this fiscal year, an increase of approximately 10% when compared with the previous year. The average advertisement page rate after discount has increased by 8% when compared with the page rate of the previous year, a sign of recognition from advertisers and the acknowledgement of ***e²Smart***'s position among other magazines in the highly competitive media market in the PRC.

The subsidiary's flagship magazine and major revenue contributor ***e²Smart*** continued to make progress in terms of the number of its advertisements, quality, and reputation. Advertising contracts with most of our existing clients were successfully secured and results were pleasing in the first three quarters of our fiscal year. We had been able to conclude contracts with new clients from different categories of consumer goods, such as with a Japanese high-end jewellery brand in our second fiscal quarter, or with the Macau Tourism Board, who had fully sponsored our two issues of Macau supplements published in April and September 2008 respectively. In the last fiscal quarter, however, the Group was faced with a rapid downturn of business, as the luxury consumer goods market was deeply affected by the economic downturn. Our advertising clients and prospects took on a cautious attitude on the market and most of them refused to commit to an annual advertising budget.

To fully utilise existing resources, the Group had started the co-publication of the newsletter with the Hong Kong Institute of Marketing in the first fiscal quarter hoping that through this, we could broaden our client database in Hong Kong. After the third issue however, this proved to be a wrong direction, as the newsletter failed in generating a meaningful amount of income. The Group had decided to cease cooperation with the Hong Kong Institute of Marketing, which will be effective starting in the second fiscal quarter of 2009/2010.

Having foreseen these challenges, the Group had taken on a few cost-efficient strategies to plan ahead. We have relocated our editorial team from Guangzhou to Shanghai in September 2008 in order to speed up communication and to improve operations efficiency. We had also negotiated and successfully reduced the rental price of our Shanghai office.

FUTURE PROSPECTS

HONG KONG OPERATIONS

Outsourcing and Information Solutions

The after-effects of the financial tsunami have surfaced towards the second half of our fiscal year and the impact on the transportation and logistic sector is extremely hard. Although the Group does not expect business generated from this sector to increase significantly in the coming fiscal year, it will undoubtedly continue to contribute as a steady and strong source of income. On the other hand, the successful implementation of GMS Phase I deemed to be highly promising and had provided insights to the Group on developing gas management solution for other container terminal operators. We believed that there exists immense business opportunities and that it can be a possible huge revenue contributor to the Group in the future. We will study and explore on this direction.

Meanwhile, our existing client whom we had implemented the ICES is very satisfied with our performance and has requested for our quotation for a contract renewal. At the same time, we are also bidding a long-term contract in providing consultancy services and project resources for an air cargo terminal operator which, if successful, may open up yet another pathway of related businesses into the air cargo servicing industry.

Application Software Packages Solutions

Although the financial meltdown seemed to have stabilised towards the end of the fourth fiscal quarter, the Group foresees that it will still take a while for our SME customers to recover and get back on track. The Group has acted correspondingly and has completed the study on ***Konto Express***, a similar version to ***AIMS Express*** that has newer and simpler interface with compacted functions and, most importantly, a very attractive price to boost our sales revenue. ***Konto Express*** is expected to be launched in the second fiscal quarter of 2009/2010. Meanwhile, we are also studying other incentives to help our sales team, such as the Leasing Scheme, as a means to expand our business base, and we hoped that with this new initiative, we will be able to capture a new tier of clients and open a new income source for our application business unit. Major R&D investment in our coming fiscal year will be put on hold for the time-being, but the Group will continue on enhancing new modules and features like Customs for import and export, handheld barcode or the Supply-Chain Management.

PRC OPERATIONS

Pegasus Hotel Management System ("*Pegasus*")

Despite the fact that we are currently in the midst of global economic turmoil and that the hospitality industry, just like any other industries, is also affected, however, the living standards of the citizen in the PRC continue to improve with the constant increase in the citizen's spending power. We believed that the hospitality industry possesses immense potential in the long run. Furthermore, our ***Mermaid*** solutions, the high-end version of ***Pegasus*** that is targeted to be launched in the coming fiscal year, will be able to assist us in further consolidating our position as one of the top three solutions providers in the PRC hospitality industry. Equally important is that ***Pegasus*** group solutions and ***Mermaid*** could help and facilitate us in entering into the South East Asia hospitality market. We are confident that the PRC operation contribution to the Group's income will continue to grow in the years ahead.

With the constant improvement in the living standards of the people in the PRC, the food and beverage industry is thriving at a fast-growing pace. The Group has redeveloped our existing Food and Beverage System as a springboard to test and enter the food and beverage market in the second fiscal quarter. We had successfully modified the system by increasing its user-friendliness and enhanced the backend functions to fit the market needs. Further, the Group will continue to sustain partnership with suitable and reliable hardware vendors and local food and beverage corporations to increase our exposure in this dynamic and fast-moving business sector.

Leveraging on the Group's over 1,500 hotel users database, the Group had also been working on the development of a B2B platform which connects hotels and hotel distribution channels and corporate customers etc. This platform enables real-time hotel room booking and will greatly reduce manpower requirements from both ends. The Group continues to explore opportunities with major travel agencies for future cooperation in this respect.

Magazine Publication & Advertising

Given that it will take a while for the luxury goods market to recover, advertisement prospects deemed to be negative. To prepare ourselves to face the hardest challenge ever since the starting of the business, the Group is going to take on a cost-saving approach that will lower our operating costs. We would convert our current cost centers to revenue-generating units to lower our operating costs by benefiting from the economies of scale. For example, we could extend our publishing business to the airplanes industries by publishing in-flight magazines using current existing resources and charging production and printing fees. We would be also providing copywriting services for advertising clients and agencies in order to share current cost burdens. Most importantly, we would widen our business scope by not focusing solely on our printing business, but to leverage on our most valuable asset—our hotel network database—and make use of it by developing a catalogue-retailing service to our readers; lining up businesses between our network hotels and our advertising clients, such as roadshows or event organising; or develop the premium-selling business to hotels. As these businesses are all created within our existing structure, it can be set up with minimal costs for a trial period and only expand if positive feedbacks were received. Meanwhile, the Board and the Management are giving their utmost attention to review this matter continually.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2009, the Group recorded a total turnover at HK$63.1 million (2008: HK$59.4 million). Excluding revenue generated from hardware sales of HK$1.3 million (2008: HK$1.6 million), turnover increased by 7% compared with previous year.

Turnover generated from Hong Kong operations was HK$42.0 million (2008: HK$38.4 million). Exclusive of hardware sales, representing an increase of 11% compared with previous year. Revenue generated from information solutions increased by 11% to HK$31.8 million (2008: HK$28.7 million). Sales of the Group's proprietary application software packages ***AIMS***, together with its previous version ***Konto 21***, recorded a turnover of HK$6.6 million, a decrease of 4% compared with HK$6.9 million recorded last year.

Turnover generated from PRC operations was HK$21.1 million (2008: HK$21.0 million). Exclusive of hardware sales of HK$1.3 million (2008: HK$1.1 million), representing a slight decrease of 1% compared with previous year. Sales of the Group's proprietary application software packages, ***Pegasus*** amounted to HK$19.6 million. When compared with last year's HK$17.5 million, there was an increase of 12%.

Net loss attributable to equity holders of the Company was recorded at HK$3.2 million (2008: HK$2.7 million), representing a 19% deterioration. With regard to the realised and unrealised loss on financial asset at fair value through profit or loss, this amounted to HK$450,000 (2008: gain of HK$110,000). In addition, the costs relating to restructuring incurred in the year under review amounted to HK$595,000 (2008: Nil). Besides, the impairment loss of development costs amounted to HK$157,000 (2008: Nil) had been made during the year under review. The Company has also granted share options to its directors and employees, the equity-settled share-based payment expenses recognised at HK$181,000 (2008: Nil). Excluding the realised and unrealised loss on financial assets at fair value through profit or loss, the costs related to restructuring, the impairment loss of the development costs and the recognition of equity-settled share-based payment expenses, the loss attributable to equity holders of the Company is adjusted to HK$1.8 million (2008: HK$2.8 million).

The Group's core business is provision of IT services and sales of application software packages ("IT business"). The EBITDA (earnings before interest, income tax, depreciation and amortisation) from the IT business was HK$6.4 million (2008: HK$6.2 million), an increase of 3%. The profit before tax generated from the Company's IT business for the year was HK$1.0 million (2008: HK$1.1 million).

Gross profit

The overall gross profit margin remained stable at 55% during the year .There was no material fluctuation from the previous year.

Expenses

Total operating expenses increased by 4% to HK$37.1 million (2008: HK$35.6 million). After taking out the effects of the unrealised loss on financial assets at fair value through profit or loss, costs related to the restructuring, the impairment loss of development costs, the recognition of equity-settled share-based payment expenses and about 8% appreciation of Renminbi, the operating expenses is adjusted to HK$34.4 million (2008: HK$35.6 million), representing a decrease of 3% compared with the previous year.

Financial resources and liquidity

The Group generally relies on internally generated funds and facilities granted by its principal bankers to finance its operation.

As at 31 March 2009, current assets amounted to HK$30.4 million (2008: HK$33.4 million) of which HK$12.9 million (2008: HK$11.9 million) was cash and bank deposits and HK$17.1 million (2008: HK$20.7 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to HK$22.9 million (2008: HK$22.3 million), including bank loans, overdrafts and obligation under finance lease in the amount of HK$14.2 million (2008: HK$13.2 million) and creditors, accruals and deposits received in the amount of HK$8.7 million (2008: HK$9.1 million).

Current ratio as at 31 March 2009 was 1.33 (2008: 1.50). Debt-to-equity capital ratio, expressed as a ratio of total debts less pledged time and bank deposits and cash and bank balances to shareholders' funds, was 0.47 (2008: 0.46).

Foreign exchange

The Group received renminbi income from sales in the PRC. Fluctuations in exchange rates of renminbi currencies against foreign currencies can affect the Group's results of operations. During the reporting period, no hedging transactions or other exchange rate arrangements were made.

Charges on the Group's assets

As at 31 March 2009, the Group's time deposits of HK$9.0 million (2008: HK$9.0 million), bank balance of HK$80,000 (2008: Nil) and accounts receivable of HK$1.7 million (2008: HK$1.5 million) have been pledged to banks to secure general banking facilities granted to the Group.

Capital commitments

For both years under review, the Group had no material capital commitments.

Contingent liabilities

(a) As at 31 March 2009, the Group had contingent liabilities in respect of performance bonds amounting to HK$33,000 (2008: HK$159,000) issued by a bank in favour of a customer for the due performance of contract works undertaken by the Group.

(b) The Group has contingent liabilities in respect of possible future long service payments to employees under the Employment Ordinance in Hong Kong, with a maximum possible amount of HK$1.5 million at 31 March 2009 (2008: HK$1.5 million).

During both years under review, there was no on-going financial exposure to borrowers or other on-going matters of relevance as defined in Rules 17.22 to 17.24 of the GEM Listing Rules.

Employees and remuneration policies

As at 31 March 2009, the Group had 309 employees in Hong Kong and the PRC (2008: 328). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the Employees Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2009, the interests or short positions of the directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 4)*
Mr. Lee Shun Hon, Felix	Personal	206,728,740	27.56%
	Family	56,607,651 *(Note 1)*	7.55%
	Corporate	34,373,452 *(Note 2)*	4.58%
Ms. Jim Sui Fun	Personal	3,034,786	0.40%
Mr. Lee Wai Yip, Alvin	Personal	29,190,595	3.89%
Dr. Liao, York	Corporate	29,988,007 *(Note 3)*	4.00%

Notes:

1. These shares were held by Mr. Lee Shun Hon, Felix's wife, Ms. Leung Mee Chun, Stella and his daughter, Ms. Lee Sze Yee, Joyce and therefore Mr. Lee Shun Hon, Felix was deemed to have interests in these shares in which Ms. Leung Mee Chun, Stella and Ms. Lee Sze Yee, Joyce were interested.

2. These shares were held by Kingspecial Investments Limited ("Kingspecial"), which is owned as to 30% by Mr. Lee Shun Hon, Felix and therefore Mr. Lee Shun Hon, Felix was deemed to have an interest in these shares in which Kingspecial was interested.

3. These shares were held by Winbridge Company Limited ("Winbridge"), which was owned as to 99% by Dr. Liao, York and therefore Dr. Liao, York was deemed to have an interest in these shares in which Winbridge was interested.

4. Based on 750,000,000 shares of the Company in issue as at 31 March 2009.

(b) Long positions in underlying shares of equity derivatives of the Company

A summary of the share option granted to the directors pursuant to the share option scheme adopted on 26 February 2003 is as follow:

Name	Type of interests	Exercisable period	Exercise price	Number of underlying shares
Ms. Jim Sui Fun	Personal	10 October 2009 to 25 February 2013	HK$0.055	7,400,000
Mr. Lee Wai Yip, Alvin	Personal	10 October 2009 to 25 February 2013	HK$0.055	5,500,000
				12,900,000

Save as disclosed herein, as at 31 March 2009, none of the directors of the Company had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors of the Company, as at 31 March 2009, other than the directors as disclosed above, the persons or companies who had an interest or short position in the shares and underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Long positions in the shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 3)*
Kingspecial Investments Limited	Corporate	114,578,176 *(Note 1)*	15.28%
Mr. Lee Shun Kwong	Corporate	34,373,452 *(Note 2)*	4.58%
	Personal	22,212,000	2.96%

Notes:

1. The issued share capital of Kingspecial Investments Limited was beneficially owned as to 30% by Mr. Lee Shun Hon, Felix, as to 30% by Mr. Lee Shun Kwong and as to 30% by Dr. Lee Shun Hung, Kelvin (both of whom were brothers of Mr. Lee Shun Hon, Felix) and as to 10% by Mrs. So Li Hang Lin, the sister of Mr. Lee Shun Hon, Felix.

2. Mr. Lee Shun Kwong had an attributable interest of 34,373,452 shares through his shareholding interest of 30% in Kingspecial Investments Limited.

3. Based on 750,000,000 shares of the Company in issue as at 31 March 2009.

Save as disclosed herein, so far as is known to the directors of the Company, as at 31 March 2009, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTERESTS

None of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group during the year ended 31 March 2009.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Anthony Francis Martin Conway, Mr. Chan Hang and Mr. Li Pak Ki.

Up to the date on which these financial statements for the year ended 31 March 2009 have been approved, the audit committee has held four meetings and has reviewed the Company's draft annual, interim and quarterly financial reports and accounts prior to recommending such reports and accounts to the Board for approval.

CODE OF BEST PRACTICE

The Company has complied with the code provisions set out in Code on Corporate Governance Practices under Appendix 15 of the GEM Listing Rules of the Stock Exchange throughout the year ended 31 March 2009 except the followings:

Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. Mr. Lee Shun Hon, Felix is the Chairman of the Board and the Chief Executive Officer of the Group. As such, such dual role constitutes a deviation from Code Provisions A.2.1. However, the Board is of the view that: (i) the Company's size is relatively small and thus does not justify the separation of the roles of the Chairman and Chief Executive Officer; (ii) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer; (iii) Mr. Lee Shun Hon, Felix as the Chairman of the Board and the Chief Executive Officer of the Group is responsible for ensuring that all directors act in the best interests of the shareholders. He is fully accountable to the shareholders and contributes to the Board and the Group on all top-level and strategic decisions; and (iv) this structure will not impair the balance of power and authority between the Board and the management of the Company.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the directors (for the time being or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. As such, as at the date hereof, Mr. Lee Shun Hon, Felix, being the Chairman of the Company, is not subject to retirement by rotation. The management of the Company is of the view that the membership of the Board represents rich and diversified background and industry expertise and as such, the management considers that there is no imminent need to amend the relevant provisions of the Articles of Association of the Company.

Code Provision B.1.1 stipulates that the Company should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors. The Company has not established a remuneration committee as required by this Code Provision considering the small size of the Board, and as such, the Company currently does not have any plan to set up a remuneration committee. During the financial year ended 31 March 2009, the Board was mainly responsible for determining the Company's policy on the remuneration of the directors and the review and approval of all remuneration packages of the directors. During the year under review, the Board determined the remuneration of executive directors appointed during the year on the basis of the existing remuneration policy adopted by the Company, and approved their service contracts with the Company. During the year under review, the Board also reviewed the remuneration packages of all directors, based on the salaries paid by comparable companies, and the time commitment and responsibilities of the directors.

On behalf of the Board
Lee Shun Hon, Felix
Chairman

Hong Kong, 24 June 2009

As at the date of this announcement, the Company's executive directors are Mr. Lee Shun Hon, Felix, Ms. Jim Sui Fun and Mr. Lee Wai Yip, Alvin; non-executive director is Dr. Liao, York; independent non-executive directors are Mr. Anthony Francis Martin Conway, Mr. Chan Hang and Mr. Li Pak Ki.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting.